

**Remarks by U.S. Agency for International Development Country Director Howard Sumka
at the At Khaizaran Agro-business Industry's Packing House Grand Opening
May 2, 2007**

Governor Qadoora, Mayor Eqab, Chairman Diab, distinguished members of the Khaizaran board and guests:

I am pleased to be here today to represent USAID at this inauguration of the agribusiness initiative USAID supported in partnership with the Khaizaran Company.

This is not the first time USAID has supported the people in Tubas. We drove here today on the Tubas – Al Faraa road, itself a product of USAID and Palestinian cooperation. With our support, that road was completed a year ago and now benefits 800,000 people who live in this region or travel through it.

Our Palestinian Agribusiness Partnership Activity, which everyone knows as “PAPA,” has developed ten agribusiness partnerships in the West Bank and Gaza. We have invested over three million dollars thus far and helped to create 1,200 new jobs.

These projects are providing capital equipment and transferring advanced technology to producers and processors. They are also building linkages with the highest paying agribusiness markets in the world. These include olive oil, cut flowers, fresh fruits and vegetables, and fresh herbs.

The Khaizaran partnership is the biggest one to date. USAID has committed to invest over \$900,000 in greenhouse and packing house operations. This is almost half of the total cost to set-up the operations.

The investments we have made together in these impressive production facilities connect the Palestinian agricultural economy to regional and international markets. The herbs growing in the nearby greenhouses – the chives and arugola that are now sprouting – will soon be enjoyed by European consumers. They are willing to pay higher prices for the extra value in freshness, flavor and appearance you are producing.

Our joint investments here are creating sustainable jobs and secure revenue streams because your buyers can depend on a regular supply of quality foods. The Khaizaran Company alone will generate over \$900,000 per year in revenue. That will support 130 permanent jobs.

The higher prices consumers are willing to pay for your products also translate into increased incomes for workers. This will improve their quality of life and that of their families and communities. We are grateful for the opportunity to work with you in making such worthy investments – investments that help us build a prosperous Palestinian economy.

We know that producing quality food solves only part of the problem you face. We are well aware of the challenges Palestinian investors face in transporting your products to market. The United States Government is committed to helping to relax the movement restrictions you face within the West Bank and out of it to your markets. Secretary Rice has made it a priority to make progress on the Agreement on Movement and Access that she personally negotiated.

We are working with both the Government of Israel and with the Palestinian business community on this problem. We hope to find ways to facilitate the movement of people and goods within the West Bank and reduce the obstacles you face in reaching your external markets. We will watch closely as you begin transporting your fresh products. The PAPA team and the staff at USAID are eager to assist in whatever way they can to make our joint investment a success.

This past year with the Palestinian economy suffering, we worked with the PAPA team to redirect its new activities to support small-scale agriculture and, in Gaza, fishermen. Our goal was to meet the food security needs of the West Bank and Gaza. PAPA's efforts in that respect have assisted over 8,000 small-scale fishermen and farm families.

PAPA has focused on olive oil and vegetable production. They are now helping to upgrade the production and distribution systems for hundreds of producers of sheep and goat cheese. This will improve food safety conditions for thousands of Palestinian consumers.

PAPA will also help farmers build fish ponds using existing water and irrigation sources. This will bring additional revenue to producers and their employees and supply fresh fish to Palestinian markets.

The international markets you are targeting have very high standards for service and for the quality of the product. As you well know, meeting those standards is a complicated and challenging process. It requires the timely employment of specialized inputs, the maintenance of a long list of sanitary and storage standards, and precise packaging and labeling.

To compete effectively modern companies have to make commercial agreements with specialized marketing companies. In this way, you can ensure that your products are delivered to the most lucrative markets punctually and consistently.

You have made those agreements so you can reach those markets. I congratulate you on your foresight in making the necessary agreements. And I thank you on behalf of USAID and PAPA for the opportunity to partner with you on this promising endeavor.

Thank you.